

Internal Audit Compliance Checklist**BINGO
TESTING PROCEDURES**

Licensee: _____ Review Period: _____

NGC Regulation 6.090(15) requires the internal auditor to use "guidelines, checklists, and other criteria established by the Chair" in determining whether a Group I licensee is in compliance with applicable statutes, regulations, and Minimum Internal Control Standards ("MICS"). The use of this checklist satisfies these requirements.

Objectives:

To determine if controls for bingo are adequate to ensure bingo revenues are accurately stated in financial records and comply with the MICS.

Checklist Completion Notes:

- 1) Each step contains a parenthetical notation at the end of the step to designate the purpose of the step. Steps to ascertain compliance with a regulation or minimum standard will be followed by the appropriate regulation or standard. Steps to test the clerical accuracy of revenue will be followed by "Revenue." Steps to determine whether assets were protected will be followed by "Asset Protection."
- 2) The minimum standards quoted on this checklist are from Version 9 of the standards.
- 3) Document the completion of the procedures listed below. All exceptions noted should be carried to the Audit Report/Summary of Findings for timely follow-up. Indicate the workpaper reference in which the exception has been carried forward to, as applicable, in the "Exception/Comment" column.
- 4) Procedures for wagering accounts are addressed in both the Bingo and Cage and Credit Internal Audit Compliance Checklists and should be modified and performed, as applicable.
- 5) For licensees utilizing wagering accounts, procedures to be performed for reserve requirements are addressed in the Cage and Credit Internal Audit Compliance Walkthrough Checklist. Modify procedures as necessary.

Scope:

Unless otherwise indicated, select 1 day per year. **Indicate Test Date:** _____

MICS Variations and Regulation Waivers:

Review the MICS variations and regulation waivers scheduled during the bingo walkthrough procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedures modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walkthrough Procedures Checklist."

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

✓ - Step completed without exception

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	Step completed without exception	Exception/Comment
Test Date Selected:		
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow-up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.		
2. For one session, recalculate the total dollar amount of card/pack sales as recorded on the session's bingo sales report by comparing beginning and ending inventory and/or beginning and ending assigned transaction numbers for each type of card/pack. (Revenue)		
3. For one session, foot the session's payout report to verify the recorded total dollar amount of payouts for the session. (Revenue)		
4. Trace the session's card/pack sales and payouts to the session amount on the bingo revenue summary. Ensure that each session's gross revenue is properly computed on the bingo revenue summary by subtracting payouts from card/pack sales (overages/shortages should not be included in the computation of gross revenue, unless a subsequent adjustment is made to remove these from the calculation). (Revenue)		
5. Foot the gross revenue from each session and trace it to the daily total on the bingo revenue summary. (Revenue)		
6. Examine the bingo revenue summary and any other applicable documents, to ensure that any free play and promotional items, including drawings and giveaway programs, were properly handled with respect to the computation of gross revenue. (Revenue)		
7. Trace the daily gross revenue or cash turn-in (if applicable) on the bingo revenue summary to the cage accountability or the cash summary sheets. (Asset Protection)		

✓ - Step completed without exception

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	Step completed without exception	Exception/Comment
Test Date Selected:		
8. If the licensee reports future card/pack sales on the day the wager is accepted (cash basis), review the future card/pack sales detail report and trace the report totals to the bingo accrual basis recap report. (Revenue) Note: The "Taxable Revenue" amount on the daily summary may be calculated on the accrual basis for write (payouts must, pursuant to Regulation 6.110, be reported on the cash basis).		
9. If the licensee reports future card/pack sales on the day of the game/session (accrual basis), select five future card/pack sales and perform the following:		
a) Trace the card/pack sales to the future card/pack sales detail report and verify that the sale was not included in revenue on the day that the card/pack sale was written. (Revenue)		
b) Obtain the futures back-in card/pack sales detail report for the day(s) of the game(s)/session(s) and verify that the sale was properly included in revenue on the day of the game/session. (Revenue)		
10. Foot and cross-foot the bingo accrual basis recap report to verify the accuracy of the daily taxable revenue amount. (Revenue)		
11. For the month in which cross-gaming area transactions occurred verify that revenue was properly reported for both gaming areas. (Revenue) Note: Cross-gaming area transaction may occur through mobile wallet/wagering instruments/vouchers.		
12. For the month in which cross-property transactions occurred, verify that revenue was properly reported for applicable gaming areas. (Revenue)		
13. For the month in which wagers attributable to multiple gaming areas (blended game with live dealer) occurred, verify that revenue was properly reported for applicable gaming areas. (Revenue) Example: Slot play and live bingo play.		

✓ - Step completed without exception

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	Step completed without exception	Exception/Comment
Test Date Selected:		
14. For the month in which a test day was selected, foot the daily gross revenue amount in the bingo revenue summaries and trace the footed total to the month-to-date amount on the bingo revenue summary. (Revenue)		
15. Examine the bingo revenue summary and any other applicable documents, to ensure that any free play and promotional items, including drawings and giveaway programs, were properly handled with respect to the computation of gross revenue. (Revenue)		
16. For the month in the previous procedure, trace the month-to-date gross revenue per the bingo revenue summary to the general ledger and monthly NGC tax return. Examine general ledger accounts for the propriety of any activity that affects reported revenue. (Revenue)		
17. For the monthly NGC tax return reviewed in the previous step, use the appropriate supporting documentation, including those documents used for wagering accounts, to verify other components of bingo on the NGC tax return (excluding number of units).		
18. For the month in which a test day was selected, ensure the correct dollar amount of expired wagering instruments was included in the computation of revenue on the NGC tax returns. (Revenue)		
19. For the month in which a test day was selected, review supporting documentation for the month and determine that appeasement payouts do not have an effect on reported revenue. Regulation 6.110(12) (Revenue) Note: If no appeasement payouts were completed in the month selected, then choose another month in which appeasement payouts were made.		

✓ - Step completed without exception

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	Step completed without exception	Exception/Comment
Test Date Selected:		
<p>20. For the month in which a test day was selected, for one test day in which a contest/tournament was conducted, review the appropriate documentation including the monthly contest/tournament log summarizing total entry fees/rebuys and total payouts (cash and non-cash prizes) for the day. Determine that all entry fees/rebuys and payouts are included on the monthly contest/tournament log. (Revenue)</p> <p>Note: If no contests/tournaments were offered in the month selected, then choose another month in which a contest/tournament was conducted. When after reviewing other months and no such activity is noted, it is acceptable to indicate that there were no contest/tournament activity noted in the time periods reviewed and then also indicate the results of an inquiry of such activity.</p>		
<p>21. For the test day in the previous procedure, verify that revenue from contests/tournaments was properly calculated for each event. Foot the revenue for each event in the month to determine that contest/tournament revenue was properly reported on the NGC tax return. NRS 463.0161 and Regulation 6.110(12) (Revenue)</p> <p>Note: The payouts paid out to participants must not be deducted from gross revenue in an amount that exceeds the entry fees. Additionally, a licensee shall calculate and report gross revenue on an independent, contest-by-contest or tournament-by tournament, basis and only upon the conclusion of the contest or tournament. Regulation 6.110(12)</p>		
<p>22. For computerized bingo systems, examine the system exception report for propriety of transactions and unusual occurrences. The review should include, but is not limited to, electronic bingo device malfunctions. (Asset Protection)</p> <p>Note: A system exception report documents when event data or system parameters are changed. This report may be titled with various names. This report documents data or parameters altered; data or parameter value prior to alteration; data or parameter value after alteration; date and time of alteration; and identification of user that performed alteration.</p>		

✓ - Step completed without exception

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23. For a computerized bingo system, at the application level, obtain the user accessing listing:		
a) For computerized systems that have group membership (group profile), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee.		
b) For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee.		
c) Verify that 5 terminated employees, which occurred during the review period, have been changed in the system from active to inactive status within the appropriate time frame based on the user's access (remote access, system administrator/IT personnel, etc.).		
d) Verify that 5 active employees have changed their passwords within the last 90 days.		
<u>Procedures Modified or Added:</u>		

✓ - Step completed without exception